

THE PAPER BAG PLAYERS, INC.

FINANCIAL STATEMENTS

(TOGETHER WITH INDEPENDENT ACCOUNTANT'S REVIEW REPORT)

FOR THE YEAR ENDED APRIL 30, 2025

Tariqah Mills, CPA

THE PAPER BAG PLAYERS, INC.

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FINANCIAL STATEMENTS
(TOGETHER WITH INDEPENDENT ACCOUNTANT’S REVIEW REPORT)
FOR THE YEAR ENDED APRIL 30, 2025

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INDEPENDENT ACCOUNTANT'S REVIEW REPORT

John Stone, Executive Director
The Paper Bag Players, Inc.
1120 Avenue of the Americas Fl 4
New York, NY 10036

We have reviewed the accompanying statement of financial position – modified cash basis of The Paper Bag Players, Inc. (a nonprofit organization) as of year ended April 30, 2025, and the related statements of activities - modified cash basis, statement of cash flows - modified cash basis and statement of functional expenses – modified cash basis, including notes to the financials and supporting schedules – modified cash basis. A review includes primarily applying analytical procedures to management's financial data and making inquiries of the company's management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the modified cash basis of accounting described in Note 2 in the Notes to the Financials included therein, which includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement whether due to fraud or error.

Accountant's Responsibility

Our responsibility is to conduct the review in accordance with Statements on Standards for Accounting and Review Services (SSARSs) promulgated by the Accounting and Review Services Committee of the AICPA.

SSARSs require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial

statements for them to be in accordance with the modified cash basis of accounting described in Note 2 in the Notes to the Financials included therein. We believe that the results of our procedures provide a reasonable basis for our conclusion.

We are required to be independent of The Paper Bag Players, Inc. to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our reviews.

Accountant's Conclusion

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with the modified cash basis of accounting described in Note 2 in the Notes to the Financials included therein.

Other Matter

The accompanying supplementary information appearing on pages 11 - 13 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management, was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The supplementary information has been subjected to the review procedures applied in our review of the basic financial statements. We are not aware of any material modification that should be made to the supplementary information. We have not audited the supplementary information and do not express an opinion on such information.

Basis of Accounting

We draw attention to Note 2 of the financial statements which describes the basis of accounting. The financial statements are prepared in accordance with the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our conclusion is not modified with respect to this matter.

Tariqah Mills, CPA
Tariqah Mills, CPA

New York, NY

March 13, 2026

THE PAPER BAG PLAYERS, INC.
STATEMENT OF FINANCIAL POSITION - Modified Cash Basis
FOR THE YEAR ENDED APRIL 30, 2025

	<u>Net Assets Without Donor Restrictions</u>	<u>Net Assets With Donor Restrictions</u>	<u>Total</u>
ASSETS			
Cash & Cash Equivalents	\$ 70,569		\$ 70,569
Security Bond Asset	7,562	-	7,562
Property and equipment, net of accumulated depreciation of \$81,316	-	-	-
TOTAL ASSETS	<u>\$ 78,131</u>	<u>\$ -</u>	<u>\$ 78,131</u>
LIABILITIES			
Accounts Payable (Note 4)	\$ 6,244	\$ -	\$ 6,244
Loan Payable (Note 7)	10,000	-	10,000
TOTAL LIABILITIES	<u>\$ 16,244</u>	<u>\$ -</u>	<u>\$ 16,244</u>
NET ASSETS			
Net assets without donor restrictions	\$ 28,887	\$ -	\$ 28,887
Net assets with donor restrictions	-	33,000	33,000
TOTAL NET ASSETS	<u>\$ 28,887</u>	<u>\$ 33,000</u>	<u>\$ 61,887</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 45,131</u>	<u>\$ 33,000</u>	<u>\$ 78,131</u>
			\$ -

THE PAPER BAG PLAYERS, INC.
STATEMENT OF ACTIVITIES - Modified Cash Basis
FOR THE YEAR ENDED APRIL 30, 2025

	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total
	<u> </u>	<u> </u>	<u> </u>
REVENUE AND SUPPORT			
Contributions & Grants Received	\$ 98,043	\$ -	\$ 98,043
Government Funding	62,115	33,000	95,115
Total Support (Note 2)	<u>160,158</u>	<u>33,000</u>	<u>193,158</u>
Performance Revenue (Note 2)	\$ 222,484	\$ -	\$ 222,484
Other Revenue	1,546	-	1,546
Net assets released from restrictions	-	-	-
Total Revenue	<u>224,030</u>	<u>-</u>	<u>224,030</u>
TOTAL REVENUES AND SUPPORT	<u>\$ 384,188</u>	<u>\$ 33,000</u>	<u>\$ 417,188</u>
EXPENSES			
Children's Theater Program	\$ 267,511	\$ -	\$ 267,511
Management & General	79,003	-	79,003
Fundraising	14,576	-	14,576
TOTAL EXPENSES	<u>\$ 361,091</u>	<u>\$ -</u>	<u>\$ 361,091</u>
CHANGE IN NET ASSETS	23,097	33,000	56,097
NET ASSETS, beginning of year	5,790	-	5,790
NET ASSETS, end of year	<u>\$ 28,887</u>	<u>\$ 33,000</u>	<u>\$ 61,887</u>

THE PAPER BAG PLAYERS, INC.
STATEMENT OF FUNCTIONAL EXPENSES - Modified Cash Basis
FOR THE YEAR ENDED APRIL 30, 2025

	CHILDREN'S THEATER PROGRAM	MANAGEMENT & GENERAL	FUNDRAISING	TOTAL
Salaries	\$ 103,737	\$ 44,687	\$ 11,172	\$ 159,596
Fringes	29,134	6,342	1,586	37,062
Total salaries and related costs	<u>132,871</u>	<u>51,029</u>	<u>12,758</u>	<u>196,658</u>
Theater Rentals	66,111	-	-	66,111
Production Costs	16,248	-	-	16,248
Travel Expenses	23,817	1,253	-	25,070
Professional Consulting Services	-	3,297	708	4,005
Accounting Fees	-	7,500	-	7,500
Insurance	5,231	1,952	625	7,808
Marketing Fees	8,288	-	-	8,288
Office Expense	-	4,588	-	4,588
Website Development	2,789	2,789	485	6,064
Storage Costs	10,510	-	-	10,510
Phone & Internet	-	1,993	-	1,993
Dues & Memberships	1,646	1,500	-	3,146
Bank & Merchant Fees	-	3,102	-	3,102
Total other expenses	<u>134,640</u>	<u>27,974</u>	<u>1,818</u>	<u>164,433</u>
TOTAL EXPENSES	<u>\$ 267,511</u>	<u>\$ 79,003</u>	<u>\$ 14,576</u>	<u>\$ 361,091</u>

THE PAPER BAG PLAYERS, INC.
STATEMENT OF CASH FLOWS - Modified Cash Basis
FOR THE YEAR ENDED APRIL 30, 2025

	2025
Cash Flows from Operating Activities:	
Change in net assets	
Adjustments to reconcile change in net assets to net cash flows from operating activities:	\$ 56,097
(Increase) Decrease in assets:	
Security Bond Asset	(2,195)
Prepaid Assets	9,199
Increase (Decrease) in liabilities:	
Accounts Payable	1,933
Total cash disbursed by operations	8,937
Net cash flows from operating activities	65,034
Cash Flows from Financing Activities	
Loan Payment	(18,000)
Net cash used by financing activities	(18,000)
Net increase (decrease) in cash	\$ 47,034
Opening cash balance	
As of May 1, 2024	\$ 23,535
Closing cash balance	
As of April 30, 2025	\$ 70,569

THE PAPER BAG PLAYERS, INC.
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2025

NOTE 1 – ORGANIZATION AND PURPOSE

THE PAPER BAG PLAYERS, INC. (a Not-for-Profit Corporation) (the Organization) organized under the laws of the State of New York in July 1962. The Organization was founded in 1958 by Judith Martin, Shirley Kaplan, Sudie Bond, and Remy Charlip. The early ensemble drew from its roots in the worlds of modern dance, theater, literature, the visual arts and music. With its emphasis on imaginative use of simple materials and interactive theater, the company traveled nationally and internationally, reaching an audience of tens of millions over several generations of fans.

THE PAPER BAG PLAYERS, INC. has been determined by the Internal Revenue Service to be exempt from Federal income taxes pursuant to Section 501(c)(3) of the Internal Revenue Code of 1986, as amended.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A) Basis of Accounting – The Organization policy is to prepare its financial statements on the modified cash basis of accounting, which is a special purpose framework (“SPF”). Consequently, certain revenues are recognized when received rather than earned, and certain expenses and purchases of assets are recognized when cash is disbursed rather than when the obligation is incurred.

B) Financial Statement Presentation – The financial statements of the Organization have been prepared on the modified – cash basis of accounting. Under that basis certain revenues and the related assets are recognized when received rather than when pledged and certain expenses are recognized when paid rather than when the obligation is incurred. This basis of accounting differs from accounting principles generally accepted in the United States of America (“GAAP”) primarily because the Organization has not recognized pledges receivable and certain liabilities, and their related effects on earnings in the accompanying financial statements. These classes are defined as follows:

Net Assets Without Donor Restrictions – The portion of the net assets of the Organization that can be used subject only to the broad limits resulting from the nature of the organization, the environment it operates in, the purposes specified in its articles of incorporation or bylaws.

Net Assets With Donor Restrictions – net assets from contributions and other inflows of assets whose use by the recipient is limited by donor-imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions taken pursuant to those stipulations. When stipulations terminate or are fulfilled, the amounts involved are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Other donor restrictions can be in perpetuity in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

C) Fair Value Measurement – The Organization values financial assets and financial liabilities and nonfinancial items in accordance with Accounting Standards Codification 820, Fair Value Measurement (“ASC 820”) (previously, Statement of Financial Accounting Standards No. 157, Fair Value Measurements). ASC 820 establishes the hierarchical disclosure framework, which prioritizes and ranks the level of market price observability of inputs used in measuring fair value.

Under accounting principles, fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

THE PAPER BAG PLAYERS, INC.
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2025

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The Organization's financial instruments are receivables and liabilities. Management believes the recorded value of these instruments approximate fair value.

D) Property and Equipment – Property and equipment are carried at cost less accumulated depreciation, which is provided on a straight-line basis over the estimated useful lives, generally not exceeding seven years of the related assets. When equipment is sold or otherwise disposed of, the asset and related accumulated depreciation accounts are relieved, and any resulting gain or loss is included in operations. Repairs and maintenance are charged to expenses when incurred.

E) Recognition of Support – Revenues are recorded as income when earned. Contributions received are classified depending on the existence or nature of any donor restrictions. All revenue and support are available for unrestricted use unless specifically designated for expenditure in the following year or if restricted by the donor for a particular program or project. The Organization releases restricted support to the extent expenditures have been incurred for the purposes for which restricted support has been granted.

Contributions, including unconditional promises to give, are recorded when the promise is made. All contributions are available for unrestricted use unless specifically restricted by the donor. Unconditional promises to give due in the next year are recorded at their net realizable value. Unconditional promises to give due in subsequent years are reported at the present value of their net realizable value, using risk-free interest rates applicable to the years in which the promises are to be received.

Performance revenue is recognized when the Organization records receipts from theater and other art institutions that reserve space and time for schools and other organizations to view the Organization's performances. Event revenue is recognized when tickets are sold. The direct benefits to donors are netted against the related revenue when the cost is remitted.

Government grants are recorded when the costs are incurred. Grants that are received prior to incurring the related costs are restricted. Funds that are received in advance of the period intended for use are also restricted.

F) Tax Status – The Organization is not aware of any uncertain tax positions as of April 30, 2025, in accordance with Accounting Standards Codification (“ASC”) Topic 740, “Income Taxes” which provides standards for establishing and classifying any tax provisions for uncertain tax positions.

G) Functional Allocation of Expenses – The cost of providing the services has been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among programs, management services and fundraising efforts.

H) Use of Estimates – The preparation of financial statements in conformity with generally accepted accounting principles requires Management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of financial statements, and the reported amounts of revenues and expenses during the reported period. Actual results could differ from those estimates.

I) Adoption of Accounting Pronouncement – In August 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2016-14, Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities ASU 2016-14 simplifies and improves how

THE PAPER BAG PLAYERS, INC.
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2025

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

a not-for-profit organization classifies its net assets, as well as the information it presents in its financial statements and notes about its liquidity, financial performance, and cash flows. Among other changes, the ASU replaces the three current classes of net assets with two new classes, “net assets with donor restrictions” and “net assets without donor restrictions” and expands disclosure about the nature and amount of any donor restrictions. ASU 2016-14 was adopted by the Organization beginning the fiscal year May 1, 2018.

- J) Subsequent Events** – Management has evaluated, for potential recognition and disclosure, events and transactions that occurred subsequent to the date of the statements of financial position through March xx, 2026, the date the financial statements were available to be issued. We are not aware of any events that have occurred subsequent to the statements of financial position date through March xx, 2026, that would require adjustment to or disclosure in the financials.

NOTE 3- COMMITMENTS AND CONTINGENCIES

The Organization maintains storage space with recurring cost thru the fiscal year. For the fiscal year ending April 30, 2025, total storage costs were \$10,510.

NOTE 4- LINE OF CREDIT

The Organization has a \$10,000 revolving line of credit with American Express. The account balance as of April 30, 2025, is \$4,640. The line currently bears an annual percentage interest rate of 26.74% with a Pay Over Time option. Paying interest is avoided when the total new balance is paid by the due date each month, this due date is at least 25 days after the closing of each billing period. As of April 30, 2025, the total interest paid was \$-0-.

NOTE 5- CONCENTRATION OF CREDIT RISK

Financial instruments that potentially subject the Organization to a concentration of credit risk include cash accounts held with a banking institution. Cash is maintained at a level to meet anticipated operating cash need and is maintained in Federal Deposit Insurance Corporation (“FDIC”) insured accounts at credit qualified institutions.

During the fiscal year ending April 30, 2025, the Organization had cash accounts that may have from time to time could have exceeded the FDIC insurance limits. Management believes that these financial institutions have strong credit ratings and that credit risk to these accounts is minimal. Currently, a portion of the Organization’s support is derived from grants with various governmental agencies. A significant reduction in the level of these supports, if this were to occur, may have an adverse effect on the Organization’s programs and services.

The Organization has contracted with these same governmental agencies to perform certain related services aligned with the mission of the Organization. Reimbursements and funds received under these contracts may be subject to audit by the government. Upon audit, if discrepancies are discovered, the Organization could be held responsible for reimbursing the agencies for the amounts in question.

THE PAPER BAG PLAYERS, INC.
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2025

NOTE 6- LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The following Cash total reflects the Organization financial assets available within one year of the statement of financial position date for general expenditures, reduced by amounts not available, if any, for general use because of contractual or donor-imposed restrictions within one year of the statement of financial position date. As part of the Organization’s liquidity management, a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due is in place.

Cash	\$ 70,569
Total	\$ 70,569

NOTE 7- LOAN PAYABLE

In FY23 it was determined the Organization’s cash flow was restricted. To ensure operations continued to run smoothly, the Board approved funds loaned to the Organization from the Executive Director to cover its immediate payroll and operating expenses. The total interest-free loaned amount outstanding as of April 30, 2025 is \$10,000. As of the date of the statements of financial position through March xx, 2026, the date the financial statements were available to be issued, the loan balance has been paid in full.

NOTE 8- NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions by revenue source and changes therein for the fiscal year ending April 30, 2025, were as follows:

	April 30, 2024 Balance	Additions	Released From Restrictions	April 30, 2025 Balance
Restricted as to Time:				
New York State Council on the Arts (Jan 2025-Dec 2025)	\$ -	\$ 45,900	\$ 12,900	\$ 33,000
	\$ -	\$ 45,900	\$ 12,900	\$ 33,000

THE PAPER BAG PLAYERS, INC.
SUPPORTING SCHEDULES
Payroll Expenses - Modified Cash Basis
FOR THE YEAR ENDED APRIL 30, 2025

PAYROLL AND FRINGE BENEFITS EXPENSES	
Gross Salaries & Wages - Administrative & Artists	\$159,597
Payroll Taxes	22,651
Medical Insurance	14,347
Workers' Compensation & Disability/Paid Family Leave	<u>2,142</u>
Total Payroll and Fringe Benefits Expenses	<u><u>\$198,737</u></u>

THE PAPER BAG PLAYERS, INC.
SUPPORTING SCHEDULES
Performance Revenue - Modified Cash Basis
FOR THE YEAR ENDED APRIL 30, 2025

PERFORMANCE REVENUE

Music Hall, Tarrytown, NY	\$ 22,025
Kumble, Brooklyn, NY	9,447
Queensborough, Bayside, NY	8,801
LaGuardia PAC, LIC, NY	8,161
Hostos Center, Bronx, NY	7,610
Klein Memorial, Bridgeport, CT	6,861
Breslin Theater, Lodi, NJ	4,931
Community Thtr., Morristown, NJ	4,160
Lexington School for the Deaf	3,751
Marian Anderson, NY, NY	3,350
Middle Township, Cape May, NJ	3,157
Kaye Playhouse, NY, NY	1,744
Ethical Cultural , NY, NY	20
In-School Performances	56,850
School Show Receipts	51,995
Contracted Shows	16,165
Weekend Shows & Self produced	8,938
Workshops	4,500
Virtual Show	20
Total Performance Revenue	<u><u>\$222,484</u></u>